



31 March 2019

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary and Senators,

**Inquiry into the Banking System Reform (Separation of Banks) Bill
2019**

We are a normal Australian couple in our early 50's, concerned about the state of our economy and the impact that foreseeable local or international events could have on our and our children's livelihoods, savings and pensions.

Having studied the causes of the 2007-2008 Global Financial Crisis, we have gained a good understanding of the basic principles which should underly a healthy economy and are now concerned to see that the Australian climate is far from healthy. In particular, a few aspects worry us:

1. The increasing levels of debt (households and government alike), which mark a distinct departure from the sound and common-sense rule which dictates living within one's means (at any economic level)
2. The speculative nature of investments at all levels, again departing from the healthy rule of investing into productive means, historically the only way to promote sustainable growth
3. The power of the banking system – in particular the big four banks – through their policies, to affect directly the financial health of individuals, households and businesses. This is especially important as a serious **conflict of interest** underlies this relationship and subsequently gives rise to abuses, a fraction of which have been seen during the Royal Commission headed by Commissioner Hayne
4. The lack of clarity in the legislation protecting citizens' deposits – the existing legislation is ambiguous in this regard and leaves open the

possibility of deposits being used for bailing in banks in case of a serious financial event

5. The size of Financial Derivatives Market and the inherent risks associated with it
6. The imminent and real threat of financial markets destabilising events, given the state of international finances and the very turbulent global geo-political environment

The list above reflects the main reasons why **we support the Separation of Banks (Banking Reform) Bill** and hope that the Australian Senate will consider the benefits of it as outlined in the Explanatory Memorandum.

Despite many reasons not to, we still trust in the integrity of the Australian democratic system to deliver a fair outcome, protecting the rights of its citizens.

Kind Regards,

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